
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes July 15, 2004

Minutes and Review: June minutes not completed. Discussed 2005 School Property Tax Control Board meeting dates and outstanding issues.

Westfield Washington School, Hamilton County: Officials requested approval of three lease rental agreements. The first is a lease with maximum annual rental payments of \$1,325,000 for 22 years. The second is a lease with maximum annual rental payments of \$1,110,000 for 22 years. The third lease has maximum annual rental payments of \$1,550,000 for 22 years. Total project cost is \$43,250,000 with a tax rate impact of \$0.045 and a new facility impact of \$0.025. There was no application for a petition and remonstrance process. Common construction wage information was in order.

Present for the hearing was Mark Keen, Superintendent; Scott Robison, Assistant Superintendent; Rick Phillips, School Official; Jack Hittle, School Attorney; Tom Neff and Anna Marie Burrell, Schenkel Schultz; Jim Lusk, Construction Manager; Randy Ruhl and Kelly Hill, City Securities and Jim Shanahan and Andy Hollenbeck, Ice Miller.

Project: The project consists of a new 600 student elementary facility to be designed similar to the other elementary schools. The cost is \$16,285,355. Project 2 is an addition to the existing high school, which will add 7 classrooms to increase capacity by 200 students. The cost is \$10,699,895. The third project is an expansion of the Grades 5-6 Intermediate School, which will expand student capacity by 300 students. The cost is \$12,447,250.

Comments: The Superintendent spoke about the project. The school board approved the lease issues by a 5 to 0 vote recently. The district is growing by 300 to 350 students per year. The area has 5,000 platted lots that are vacant and will be developed in the future, so the growth is expected to continue. The project involves three parts. First, a new elementary school will be constructed in a design similar to three previous facilities with a few minor modifications. The second part of the project is an addition to the intermediate school. The addition will increase the capacity of the intermediate school to 1,200 students. A demographic study indicates they will be getting to the number in the future. The additional includes instructional space, enlarge the cafeteria and expand the media center. The third part of the project is an addition to the multi-purpose instructional facility at the high school. The addition will increase instructional space and provides security to the pool area. Officials want to wait and see what the impact of a new Catholic High School in the area is on their enrollment before they would add a large amount of space at the high school. This project allows for more space for the teachers.

Officials expect to redistrict at the elementary school level since two elementary schools are near capacity at this time.

Mr. Bronnert asked how many elementary schools were in the district. The Superintendent said there are four currently and the new school would make five. They expect they will need up to seven to meet future enrollment. They experience most growth at the elementary level, but those larger classes will be moving up through the school system.

Ms. Johnson asked about the assessed value growth of 10% listed on page 12 of the hearing information sheet. The Superintendent said the average new home price in the area is \$300,000 and they could see that increase with just residential growth alone. Officials feel this is not an unrealistic growth expectation.

Mr. Bowen asked why there were two 1028 hearings held for these projects. Mr. Ruhl said the multi-purpose facility was done last year with the middle school project. The February 2004 1028 hearing was for the intermediate and elementary schools.

Ms. Bond asked if the land was owned as no land cost was listed on the hearing information sheet and the Superintendent replied yes. Ms. Bond asked where the new elementary school would be located. The Superintendent said at 169th Street and Ditch Road just south of State Road 32. It will be located across the street from the transportation facility.

Ms. Henson asked why they are doing three separate leases. Mr. Ruhl said because there could be some delays in some of the projects. He said three leases would allow for more flexibility. They plan to issue only one bond issue for the project. Ms. Henson asked if the proposed annexation of an area by Carmel and Westfield impacts this school corporation. The Superintendent said he feels there would be more development if Carmel annexes the area and may see an increase in utilities. Officials expect no direct impact of this proposed annexation.

Ms. Bond asked who prepares the ADM impact for the district. The Superintendent said they had a firm do it, but the Superintendent has studied this over the last eight years. Ms. Bond asked what the school board vote was at the July 1, 2004 lease hearing and the Superintendent replied 5 to 0.

Motion: Mr. Bowen made a motion to approve three lease rental agreements with maximum annual payments of \$1,325,000 for 22 years, \$1,110,000 for 22 years and \$1,550,000 for 22 years. Mr. Barnes seconded the motion, which favorably carried 6-0.

North White School, White County: Officials requested approval of a pension bond issue for \$1.6 million. The term of the bonds is 12 years with a rate impact of \$0.0512. The school board vote was 7-0 in favor of the issue. Officials plan to reduce the CPF, transportation and bus replacement funds for neutrality purposes. Officials believe this will eliminate the unfunded liability.

Present for the hearing was Patrick McTaggart, Superintendent and Lynn Potosky and Susan Traynor, Bose McKinney & Evans.

Comments: The Superintendent spoke about the pension bond issue. An actuarial study has been completed. Officials have negotiated a buy out of \$1.55 million. Officials are requesting a \$1.6 million bond issue to be sold through the Indiana Bond Bank. The proposed bond issue would eliminate the unfunded liability. Officials have established a 401(a)/403(b) plan. Officials will deposit 1% of a teacher's salary into the account for the 2003/2004 school year and 1.5% thereafter.

Mr. Barnes asked where the bond proceeds would be placed. School officials said they would be placed into the 401(a) accounts. This replaces the old severance/bridge plan. Mr. Barnes asked if the payment would be based on unused sick leave and officials said no, an escalator. Mr. Barnes asked about underwriter fees since none listed on the hearing information sheet. Ms. Potosky said they are included in the interest rate. Mr. Grabill stated there are two options when it comes to underwriter fees. Officials can choose to pay the fee out of the bond proceeds or can include in the interest rate. Mr. Barnes asked why use a bond counsel on taxable bonds. Ms. Potosky said there is still a need for an opinion on the exemption of state taxes. Mr. Barnes asked if financial adviser services were included with the bond counsel services and Ms. Potosky replied yes.

Mr. Bowen asked if the Capital Projects fund was the only fund to be used to offset the pension debt and school officials replied yes.

Ms. Bond asked about the amount listed on page 7, question 13 of the hearing information sheet was a total over a number of years. A school official replied it was the annual bridge payment times seven.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$1,600,000. Mr. Bronnert seconded the motion, which favorably carried 6-0.

Franklin Twp. Community School Corp., Marion County: Officials requested approval of a general obligation bond issue for \$1.8 million. Tax rate impact is \$0.0466 with a new facility appeal rate impact of \$0.0017. The project was not subject to the petition and remonstrance process. The term of the issue is 2 years. Board vote was 4-0 in favor of the project. Common construction wage information was in order.

Present for the hearing was E.B. Carver, Superintendent; Rod Caldwell, Business Manager; John Kitley, School Attorney; Terry Lancer, Architect; Tom Grabill, Educational Services and Jim Shanahan, Ice Miller.

Project: The project includes work at three sites. The major work will be building an alternative school and a small addition as well as interior finishes at the existing Maintenance Center. The remainder of the work is occurs at the high school site and includes improving outdoor restroom facilities, site development work for new play fields and repaving the high school parking lot.

Comments: The Superintendent spoke about the project. Officials are requesting a general obligation bond issue in the amount of \$1.8 million. They will build an alternate school and do some work on the former transportation center. They will also pave some parking areas and do some athletic field work.

Ms. Johnson asked for more detail on the alternate school. The Superintendent said it would be a pole barn-type, temporary structure. The long-range plan is to take a grade out of the middle school and put the alternate school there and use this pole barn for the maintenance department.

Mr. Bronnert asked about the school board vote of 4 to 0. The Superintendent said yes, the other school board member was late to the meeting.

Mr. Bowen asked who the architect was for the project and the Superintendent said Interdesign Group.

Motion: Ms. Henson made a motion to approve a general obligation bond issue in the amount of \$1,800,000. Ms. Johnson seconded the motion, which favorably carried 6-0.

Mill Creek Schools, Hendricks County: Officials requested approval of a lease rental agreement with maximum annual payments of \$2,432,000 for 20 years with a tax rate impact of \$0.0657 and a new facility impact of \$0.0453. Total project cost is \$13 million. Common construction wage information was in order. There was no application for a petition and remonstrance process.

Present for the hearing was Dr. Sherida Brower, Superintendent; Maralee Edmondson and Jim Barte, School Board members; Jay Thivenen, School Business Official; Bob Wood, School Attorney; Kathy Raver, Colette Irwin-Knott and Luke Batman, HJ Umbaugh; Brian McFarland and Larry Hovee, Gibraltar Design and Jane Herndon, Ice Miller.

Project: The project includes improvements to West Elementary School, Cascade Junior High School and Cascade Senior High School. The Junior and Senior High Schools will be combined into one building after the project is complete. The improvements at West Elementary School consist of repairs to the roof and improvements to the heating system at the gym and replacing carpet throughout the school. The project consists of renovation to the existing office area into a computer lab and the existing media center into classrooms. New additions at the elementary school include classrooms, an administrative area, a media center and lobby vestibule area. At Cascade Junior High School, the plumbing, heating and air condition controls throughout the building will be replaced. The improvements also include renovation to the office area and remodeling the media center into two classrooms and the cafeteria into a media center. New additions include a cafeteria and a kitchen, sixth grade wing, a physical education and community multi-purpose gym and mechanical mezzanines. The project also includes parking lot improvements and site work.

The Elementary School work totals \$2,252,928. The High School work totals \$10,255,602. Total project costs are \$13 million.

Comments: The Superintendent spoke about the project. They are a small school district located on the edge of Hendricks County. They are surrounded by growing communities and they feel the growth is moving into their area. The facilities are in need of attention. The project involves additions and renovations to the Jr./Sr. High School and additions to West Elementary School. The Jr./Sr. High School is running out of space. The project creates a 6th grade wing at the high school to relieve overcrowding at the elementary schools. There is no room currently for athletic use of the facility by the Parks Department. This project will allow them to free up athletic space and use them as classrooms. The elementary school includes the addition of classrooms and the construction of a media center. Officials hope this project will meet their needs for the near future and they will continue to monitor growth to determine future needs.

Mr. Bronnert requested to see the plans on the project. The architect submitted the plans for review by control board members. Mr. Bronnert asked about the science rooms and gym area. The Superintendent said the current gymnasium is an old structure located in the middle of the facility with the science area surrounding it. The project will create space and remove some athletics from this area to allow for an expanded science area. Mr. Bronnert asked how much space would be added at the elementary school. The architect said they are adding 9,200 square feet. Mr. Bronnert asked how many elementary schools are in the district and the Superintendent replied two.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$2,432,000 for 20 years. Ms. Johnson seconded the motion, which favorably carried 6-0.

Mill Creek Schools, Hendricks County: Officials requested approval of a pension bond issue for \$2.9 million. The term of the bonds is 13.25 years. Tax rate impact is \$0.0789. Officials will reduce the capital projects and bus replacement funds for neutrality purposes. Board vote was 5-0 in favor of the bonds. The issue fully funds the buyout that was negotiated with the Teacher's union thus eliminating the existing unfunded liability of the School Corporation.

Comments: The Superintendent spoke about the pension bond issue. Officials reached an agreement with teachers in the summer of 2003. The previous plan had an estimated present value of unfunded liability in an amount over \$4 million. They can meet the needs of current staff with a bond issue of \$2.9 million. The new plan established individual retirement accounts along with VEBA accounts.

Mr. Barnes asked about the expense of \$237,000 listed on the hearing information sheet. Ms. Irwin-Knott said that represents a reimbursement to the General fund for expenses since June 30, 2001. Mr. Barnes asked if the control board has allowed negotiating fees in the past. Mr. Shanahan said yes, but they are usually included in the legal fees listed on the hearing information sheet. This one just happened to report them separately.

Mr. Bowen asked if this would also be true for legal fees associated with remonstrance petitions. Mr. Shanahan said yes, they are generally included in the cost of a project.

Motion: Mr. Bowen made a motion to approve a pension bond issue in the amount of \$2,900,000. Ms. Henson seconded the motion, which favorably carried 6-0.

Attica Consolidated School Corporation, Fountain County: Officials requested approval of a lease rental agreement with maximum annual rental payments of \$507,000 for 17 years. Total project cost is \$4,475,000. Tax rate impact is \$0.24. There was no application for a petition and remonstrance process. Common construction wage information was in order.

Present for the hearing was Dr. Judy Bush, Superintendent; Terry Leffew, Crowe Chizek and Jim Shanahan and Andy Hollenbeck, Ice Miller.

Project: The project consists of several improvements at the Elementary and Junior High Schools in order to obtain energy efficient facilities. The elementary school will receive repairs on the HVAC system, ceilings and lights throughout the building. The domestic water piping will be replaced. Replacement of windows and doors and improvements to the cafeteria sound control area also scheduled with the project. Total cost is \$4,405,200. At the Junior-Senior High School, improvements and upgrades will be made to the media center HVAC system. Total cost is \$20,000.

Comments: The Superintendent spoke about the project. The project involves two buildings, an elementary school and the Jr./Sr. High School. The elementary school is 36 years old and needs extensive HVAC improvements. The boilers will not last another winter and the plumbing is copper tubing and has many leaks. This will not be a project that people will be able to see. There is a lot of moisture coming in around the windows and the grid work is rusting. They will replace lighting and ceiling in the facility. If funds are available, they will replace the windows.

Ms. Bond asked if the windows were the original windows when the facility was built and the Superintendent replied yes.

Ms. Henson said the architect fees percentage seemed high and asked if they would serve as construction manager. The Superintendent said it was a performance contracting operation and the provider would oversee the project. Ms. Henson asked for an explanation of performance contracting. The Superintendent said it is a type of renovation tied to energy savings. They will replace the old boilers with a high efficiency system. The windows are also not energy efficient. There is a guarantee of energy savings with this project. Ms. Henson asked if this is an energy savings contract. Mr. Shanahan replied yes, but the financing is done under the lease financing statute. The Superintendent said the Capital Projects fund could not handle the payment of the energy savings contract.

Mr. Bronnert asked what the energy source for the system is and the Superintendent replied gas. Mr. Bronnert asked if the new system would also be gas and the Superintendent said yes. Mr. Bronnert asked if new boilers would be installed and the Superintendent said a smaller, more efficient system would be installed.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$507,000 for 17 years. Ms. Johnson seconded the motion, which favorably carried 6-0.

West Washington School Corp., Washington Co: Officials requested approval of a pension bond issue for \$2,325,000. The term of the bond is 15 years with a tax rate impact of \$0.1237. Officials plan to use the capital project fund for neutrality purposes. Board vote was 7-0 in favor of the issue. This issue will eliminate the unfunded liability.

Present for the hearing was Gerald Jackson, Superintendent and Jim Shanahan and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the pension bond issue. Officials feel they can buy out the old severance plan with a bond issue of \$2,325,000. They will reduce the Capital Projects fund, which has always been at the maximum tax rate. Officials expect a reduction of \$0.12 to \$0.13 in the fund due to this pension debt.

Ms. Bond asked if the term of the bond issue is 15 years and the Superintendent replied yes.

Ms. Henson asked about the health insurance options listed on page 7, question 14 of the hearing information sheet. The Superintendent said they offer three levels of insurance with the only difference in them being the premium paid by the individual and the amount of the deductible. The school corporation pays \$3,110 on all three types of coverage.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the amount of \$2,325,000. Mr. Bowen seconded the motion, which favorably carried 6-0.

East Noble School Corporation, Noble County: Officials requested approval of a lease with maximum annual rental payments of \$1,125,000 for 16 years. Tax rate impact is \$0.161 with a new facility rate impact of \$0.0066. There was no application for a petition and remonstrance. Common construction wage information was in order.

Present for the hearing was Jacqueline Berry, Superintendent; Craig Ream, Business Manager; Kari Vilamaa and Dana Wannemacher, Architect; Todd Samuelson, HJ Umbaugh and Jim Shanahan, Ice Miller.

Project: The project involves construction of a new K-5 elementary school building to replace the existing Northside Elementary School. The new building will be a single story structure with an adequate number of classrooms and support spaces for program requirements. Special needs and ADA issues will also be addressed. Additional land purchase will address safety by allowing much better segregation of bus, car, delivery, pedestrian and playground activities.

Comments: The Superintendent spoke about the project. The project is to build a new elementary school. The capacity of the facility will be 300 students and will comprise 69,000 square feet. An earlier project was defeated in the petition and remonstrance process. Four new school board members came in shortly after and ultimately served as intermediaries between the

school and opposing taxpayers. The original plan that was defeated was to build two elementary schools on a central site. Those opposed wanted two separate sites. This project will replace the one building that is in the worst shape of the two. There have been no negative comments about the project and no petition was filed opposing the project.

Mr. Samuelson, financial adviser, noted a couple of errors on the hearing information sheet.

Ms. Bond asked if school officials owned the land for the new building. The Superintendent said they are in the process of purchasing some properties.

Mr. Bronnert asked what town the building would be located and the Superintendent said Kendallville.

Ms. Bond asked about the other elementary school. The Superintendent said the original plan was to build two new elementary schools and renovate the high school. The high school project is currently under way. Officials will focus on the other elementary school next year. Ms. Bond asked if they just had three elementary schools. The Superintendent said there are four elementary schools and two middle schools.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$1,125,000 for 16 years. Mr. Bronnert seconded the motion, which favorably carried 6-0.

LaPorte Community Schools, LaPorte County: Officials requested approval of a lease rental agreement with maximum annual rental payments of \$6,133,115 for 11 years. Tax rate impact is \$0.0515 with a new facility appeal rate impact of \$0.0066. Total project cost is \$19,965,000. Capital project fund money of \$6.9 million will be used toward the project. There was no application for a petition and remonstrance process. Common construction wage information was in order.

Present for the hearing was Dr. Ken Blad, Superintendent; Dr. Dennis Shawver, Assistant Superintendent; Jerry Baker, Business Manager; Tom Carmony, School Board President; Bill Kaminski, School Attorney; Ken Hubbard, Architect; Todd Samuelson, HJ Umbaugh and Jim Shanahan and Thomas Peterson, Ice Miller.

Project: Crichfield School- the building is in need of new mechanical and electrical systems. The rooms are poorly configured and undersized; and there is a need for space to meet new educational programs. A need also exists for new fire protection, a new roof, and exterior/interior work. The site needs to be reconfigured for safety purposes, and needs new playground equipment. Portable classrooms need to be eliminated. Cost is \$12,409,565.

Kingsford Heights mechanical systems have reached their useful life and need replaced. Electrical systems need upgraded for technology and air conditioning, as well as new lighting systems throughout the building. The building is in need of new fire protection and roofing. Windows need replaced and the interior needs new finishes and casework. Spaces need

reconfigured to accommodate programs. Additional parking and playground equipment needs to be provided. Cost is \$5,034,980.

Comments: The Interim Superintendent spoke about the project. He assumed the interim position in September 2001. A 1028 hearing was held in May 2001 and a remonstrance hearing was held in September 2001 at the high school by DLGF personnel. The original project had three phases, an \$18 million replacement of Crichfield Elementary School, an \$8 million renovation of Kingsford Heights Elementary School and tennis court improvements. The total project cost was \$27 million. School officials listened to taxpayer comments at the remonstrance hearing. The main concern was the project was too expensive and not economically feasible due to the events of September 11, 2001. The Interim Superintendent felt the concerns of taxpayers made sense and he asked the school board to stop the project until the economic situation improved. Officials began discussions of the project in late 2002. A firm was hired to prepare an updated demographic study. The Interim Superintendent asked the architect if renovating Crichfield was feasible, but that would cost 94% of new construction. Some areas in that facility were not conducive to learning and the facility suffers from sewage and mold problems. Officials held several public meetings and invited project opponents to attend to assist in studying the project options. There were numerous newspaper articles and the Interim Superintendent spoke on several local radio talk shows. Officials worked with the public to explain the facility needs. The 1028 hearing was held in March 2004 and three people who were opposed to the original project spoke in favor of this project. The cost of the project was reduced from \$27 million to \$19 million. School officials agreed to use 16 acres already owned as the site of the new Crichfield Elementary. All current debt except the high school project will pay off in 2005. No one has spoken against the project and no remonstrance petition was filed. Officials have completed redistricting at the middle school level and will redistrict at the elementary level upon completion of this project to reduce needs for future projects. The high school tennis courts were addressed through the Capital Projects fund and borrowing was not necessary.

Mr. Bowen asked about the amount for lose equipment at Kingsford Heights Elementary of \$600,000. The Interim Superintendent explained this facility would serve as the flagship for technology. It would have a smart classroom and serve as the facility for in service teacher training.

Mr. Bronnert asked about future building needs. The Interim Superintendent said they would not be back over the next five years for another project. While they do have building needs, they want to be responsible to the taxpayers.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$6,133,115 for 11 years. Ms. Henson seconded the motion, which favorably carried 6-0.

South Spencer Co. School: Officials requested approval of a pension bond for \$7.5 million. The term of the bond is 11 years with a rate impact of \$0.1310. The estimated present value of the forecasted liability is \$12,613,917. The issue eliminates the school's outstanding liability. The capital project fund will be used for neutrality purposes. Board vote was 4-0-1 for the issue.

Present for the hearing was Mike Robinson, Superintendent; Eric Ayer, School Attorney and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the pension bond issue. Officials have been in negotiations with teachers. Attorneys from Ice Miller presented at the May 2004 school board meeting and the public and teachers were invited to attend. The community, school board and teachers are all in support of the bond issue. This bond issue will eliminate the unfunded liability. The agreement has been ratified and unanimously approved by the school board.

Ms. Henson asked if officials have requested a pension bond issue previous to this request and the Superintendent replied no.

Mr. Barnes asked if changes to the plan were made based on the answer to question 10 in the hearing information sheet. The Superintendent said this was to buy out the old plan. Mr. Shanahan said there have been no changes other than the buy out. Mr. Barnes asked if the new plan was a 401(a). The Superintendent said yes, a 401(a)/403(b) and VEBA account. Mr. Barnes asked if there were options for the teachers and the Superintendent responded five. Mr. Shanahan noted the negotiating fees on this issue were included in the attorney fees and not separated on the hearing information sheet.

Motion: Ms. Henson made a motion to approve a pension bond issue in the amount of \$7,500,000. Ms. Johnson seconded the motion, which favorably carried 6-0.

Scott Co. School District, 2, Scott County: Officials requested approval of a pension bond issue for \$4,050,000. The present value of the forecasted liability is \$7,930,495. The term of the bond is 10 years with a tax rate impact of \$0.10. The bus replacement and capital project funds will be used for neutrality purposes. Board vote was 5-0 in favor of the issue. The issue will reduce the unfunded liability.

Present for the hearing was Robert Hooker, Superintendent; Steve Nauman, Business Manager; Jason Mount, School Attorney and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the pension bond issue. Officials feel this is a fair and balanced approach to solving their unfunded liability.

Ms. Bond asked if this eliminates the unfunded liability and the Superintendent replied no.

Mr. Barnes asked where the bond proceeds would be placed. The Superintendent said they would be placed in separate fund and paid out as teachers retire.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$4,050,000 for a term of 10 years. Mr. Bronnert seconded the motion, which favorably carried 6-0.

Scott Co. School District 1, Scott County: Officials requested approval of a bus loan in the amount of \$244,667. Rate impact is \$0.1623 for one year.

Scott Co. School District 1 historically used contracted drivers to transport children to and from school. In 2003 bids were accepted and more than doubled the cost of bus transportation. The new costs would have been approximately \$325,000 and the school budgeted \$150,000.

Present for the hearing was Berley Goodin, Superintendent and Ken Kidd Assistant Superintendent.

Comments: The Assistant Superintendent spoke about the bus loan. School officials received bids last summer for contracted bus services. They had been paying \$110 per day, but bids came in over \$200 per day. Officials decided to purchase used buses and provide the service on their own. They were not aware of the need for School Property Tax Control Board and Department of Local Government Finance approval. The debt payment was removed by the DLGF from the 2004 debt service budget, but officials request it be allowed in the 2005 budget. Officials are not asking for an increase in the 2004 tax rate, but the payment will still be made from the debt service fund out of the operating balance.

Ms. Henson asked how many buses were purchased and school officials replied seven. Ms. Henson asked if a bus replacement plan would be completed and officials said they would in 2005. Ms. Henson asked if the payment would be worked into the 2005 debt service fund. Officials said they want to pay it out of the operating balance of the current budget.

Ms. Bond asked if officials already have a loan and officials responded yes. Ms. Bond asked if the payment was due in November 2004 and officials said yes. Ms. Bond asked if they are denied by the DLGF, is there a sufficient balance in the General fund and officials said no.

Mr. Bronnert asked how officials plan to pay their drivers. Officials replied the funds originally budgeted for contracted services of \$150,000 will be sufficient to cover the drivers' salaries.

Motion: Mr. Barnes made a motion to approve a bus loan in the amount of \$244,667. Ms. Henson seconded the motion, which favorably carried 6-0.

(Bob Harris from the Department of Local Government Finance sat in the remaining portion of the meeting in Ms. Henson's absence.)

Delphi Community School Corporation, Carroll County: Officials requested approval of a pension bond issue in the amount of \$2.3 million. The present value of the unfunded liability is \$4,048,256. Tax rate impact is \$0.05 for 20 years. The bus replacement and capital project funds will be used for neutrality purposes. The school board vote was 7-0 in favor of the issue. This issue eliminates the unfunded liability. The only change in the school retirement and severance terms is adoption of a new agreement.

Present for the hearing was Barry Emerson, School Attorney; Lonnie Therber, Therber & Brock and Jeff Qualkinbush, Barnes & Thornburg.

Comments: The General Counsel spoke about the proposed pension bond issue. The school corporation has been in negotiations over the last year reviewing the retirement plan. The old plan paid for years of service, up to 160 sick days and bridge payments until qualified for Medicare. They also paid health insurance for retired administrators. This bond issue will buy out the old plan and place a specified amount into an account when an employee becomes eligible for retirement benefits. They have a 401(a) account with a matching plan that replaces the old plan. Officials expect to reduce the annual expense from \$80,000 to \$41,000. The new plan has been approved by the teachers and school board. The Bus Replacement fund will be reduced to offset the pension debt. They currently have 30 buses in good shape and they plan to transition from a 10-year replacement schedule to a 12-year replacement plan.

Mr. Bowen noted the hearing information sheet indicates the Capital Projects fund would be reduced to offset the pension debt. Mr. Therber replied it was to be a combination of the Capital Projects and Bus Replacement funds when the hearing information sheet was completed. Mr. Therber reflected the reduction in the Capital Projects fund. Mr. Qualkinbush said the Bus Replacement fund would take most of the reduction the first year of repayment.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the amount of \$2,300,000. Mr. Bowen seconded the motion, which favorably carried 5-0-1. Mr. Barnes abstained since he resides in the school district.

Lakeland School Corporation, LaGrange County: Officials requested approval of a pension bond issue for \$1,405,000 for a term of 10 years with a rate impact of \$0.0305. The present value of the forecasted liability as of May 20, 2004 is \$684,938. The school board vote was 6-0 in favor of the project. The issue will eliminate the unfunded liability. Officials have increased the 401(a) contribution by ½% and have purchased 5 to 10 accrued sick leave days in an effort to reduce the unfunded liability.

Present for the hearing was Russ Hodges, Superintendent; Jim Elizondo, City Securities and Jim Shanahan, Ice Miller.

Comments: Mr. Elizondo spoke about the pension bond issue. An actuarial study has been completed. Officials presented to the teachers and school board a pension bond issue in the amount of \$1,405,000.

Ms. Bond asked for a description of the old plan. The Superintendent said they paid a percentage to pay off the teacher contract and accumulated sick leave. The Superintendent said negotiations went smoothly and reached an agreement in two or three meetings. Officials were fortunate to not have health insurance to deal with.

Mr. Barnes asked where the bond proceeds would be placed. School officials said they would go into an account for the employee, but they must be an employee for ten years and at least 50 years old to qualify for the benefits. Mr. Barnes asked about accumulated sick days. School officials said they will pay into the account and the amount is based on substitute teacher pay,

which is currently \$60 per day. Officials started to deal with this problem in 1999. They established the 401(a) accounts and began the process of buying out sick days.

Mr. Bronnert asked about the difference in the bond issue amount of \$1,405,000 and the present value of the liability of \$687,000. The Superintendent said the difference was needed to reimburse the General fund.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$1,405,000. Ms. Johnson seconded the motion, which favorably carried 6-0.

Greater Jasper Consolidated Schools, Dubois County: Officials requested approval of a pension bond issue for \$12.7 million with a term of 15 years and a tax rate impact of \$0.126. The present value of the forecasted liability is \$16,246,365. The school board vote was 5-0 in favor of the issue. This issue eliminates the unfunded liability of the School Corporation.

Present for the hearing was Larry Riggs, Superintendent; Art Nordhoff, School Attorney and Lynn Potosky and Susan Traynor, Bose McKinney & Evans.

Comments: The Superintendent spoke about the pension bond issue. They are requesting a bond issue in the amount of \$12.7 million with a term of 15 years. Officials plan to reduce the Capital Projects fund to offset the pension debt. The district has five buildings in total. One facility is new, one has been renovated to like new condition and the other three have been remodeled in the last ten years. The retirement expense of \$700,000 to \$750,000 per year, along with the rising health insurance premiums, has crippled the district financially.

Motion: Mr. Barnes made a motion to approve a pension bond issue in the amount of \$12,700,000. Mr. Bowen seconded the motion, which favorably carried 6-0.

Medora Community Schools, Jackson County: Officials requested approval of a pension bond issue for \$480,000. The estimated present value of the forecasted liability is \$459,152. The term of the bond issue is 25 years with a tax rate impact of \$0.114. Board vote was 5-0 in favor of the issue. The capital project and/or bus replacement funds will be used for levy neutrality. This issue will eliminate the school's unfunded liability. The Master Plan covering severance and retirement has been updated to include all teachers hired through June 30, 2004 and includes a 1% matching plan for post June 30, 2004 hires.

Present for the hearing was Dr. Andrew Day, Superintendent and Lynn Potosky and Susan Traynor, Bose McKinney & Evans.

Comments: The Superintendent spoke about the pension bond issue. Officials are requesting up to \$480,000. Officials have completed negotiations and have received approval from the school board. They are the third smallest school district in the state and have not replaced retiring teachers the last seven or eight years. This bond issue would eliminate the unfunded liability. Officials have replaced the old plan with a 401(a)/403(b) plan.

Ms. Johnson asked how many students were in the school district and the Superintendent replied 300.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the amount of \$480,000. Mr. Harris seconded the motion, which favorably carried 6-0.

Northern Wells Community School, Wells County: Officials requested approval of a pension bond issue for \$4 million with a term of 15 years. The rate impact is \$0.0737. The estimated present value of the forecasted liability is \$5,491,003. The bus replacement and capital projects funds will be used for levy neutrality. Board vote was 3-0-1 for the project. This issue eliminates the unfunded liability.

Present for the hearing was Gina Berridge, Superintendent and Lynn Potosky and Susan Traynor, Bose McKinney & Evans.

Comments: The Superintendent spoke about the pension bond issue. Officials are requesting \$4,000,000 and this would eliminate the unfunded liability. Officials are almost finished with the buy out of the old plan. They will meet next Friday to complete the buy out. Officials intend to reduce the majority from the Capital Projects fund and some from the Bus Replacement fund.

Mr. Bronnert asked if the school board member that was absent from the meeting approving the bond issue was supportive and the Superintendent replied yes.

Mr. Barnes asked about the new plan. Ms. Traynor said they would buy out the sick and bridge payments and place the funds in the 401(a) accounts. She said question 11 of the hearing information sheet shows a balance remaining, but officials expect with a higher discount rate the \$4 million bond issue requested would cover the unfunded liability.

Ms. Bond asked about the use of the Rainy Day fund. Officials said they have not used it yet, but expect the Transportation fund will need it with the cuts that have occurred in state funding.

Motion: Mr. Bowen made a motion to approve a pension bond issue in the amount of \$4,000,000 for a term of 15 years. Ms. Johnson seconded the motion, which carried 5-1. Mr. Barnes cast the dissenting vote.

South Dearborn Community Schools, Dearborn County: Officials requested approval of a lease rental agreement with maximum annual rental payments of \$3,695,000 for 25 years. Total project cost is \$35,840,000. Common construction wage information was in order. There was no application for a petition and remonstrance process. Tax rate impact is \$0.10 with a new facility rate impact of \$0.0095. The school board vote was 7-0 in favor of the project.

Present for the hearing was Thomas Book, Superintendent; Bob Rollins and Jack Heller, School Business Officials; Damian Maggos and Kelly Hill, City Securities; Duane Dart, Schmidt Associates; David Wimmer, Hilliard Lyons; James Lusk, Verkler; Lynn Potosky, Bose McKinney & Evans and Bob Loveland and Karen Loveland, taxpayers.

Project: The project consists of the following. The existing high school had undergone little renovation since it was built in 1976. The primary renovations to the school will be remove demountable partitions and provide fixed walls for more traditional classrooms. The student population of 1,100 will remain the same, but the facility will grow with two additions consisting of Science Rooms, an expanded Media Center, a new Wrestling and Weight Room.

A new Middle School for 550 students will be constructed in the area of the existing bus lot to the west of the high school. This building will support grades 7 and 8 only. It will have all the amenities of the existing Middle School. Cost is \$14,428,672.

The existing Middle School will be renovated to become Aurora Elementary School. Currently the Middle School supports grades 4-8. The 7th and 8th grade wing will be converted into Kindergarten through 3rd grade. Minor reconfigurations of the rooms and finishes will occur to facilitate the change in facility use. The existing Aurora Elementary School will be closed. Cost for the elementary school is \$1,446,404.

Extensive site work will be required for the new Middle School that will also affect the High School and Elementary School. A more efficient vehicular roadway system will be provided to separate bus traffic from car and pedestrian circulation. Retaining walls and other site provisions will be required to address the rolling terrain of the site. Cost for the high school project is \$18,714,306.

Comments: The Superintendent spoke about the project. The Superintendent reviewed the history of past improvements made over the years in the school district. The Aurora Elementary is a K-3 building and needs improvements. The open-concept at South Dearborn Middle School needs to be addressed. The school board contracted with an architect to find solutions. The architect began meeting on building needs in June 2003. They discussed taking the 9th grade out of the high school and making the middle school 4th-9th. One concept emerged from the discussions to reconfigure the grades to K-6 at the elementary, 7th-8th at the middle school and renovate the high school. A study by Dr. Boyd determined the population is stable in the school district. The purpose of the renovation is to address program needs, not an expansion. The school board commissioned a Yellow Ribbon task force to tour the facilities and study the options. The members were citizens of several communities in the school corporation. The task force focused on three options and recommended one to the school board. The school board discussed the project at several public meetings. There were several news articles, information in staff newsletter and information sent to parents explaining the project. The school board approved the project in November 2003. The project includes building a new 7th-8th facility, renovating the high school and renovating the 4th-8th facility to become a K-6th facility. There is some debt service that will be retiring soon. The tax rate impact of this project is \$0.10, but officials plan to offset this from the Capital Projects fund. The school board has approved the schematic design at this time.

Karen Loveland, taxpayer and parent, spoke against the project. She said she tried to make concerns known to school administrators. When South Dearborn High School was built, the concept used did not work. She felt it was a mistake to have put the 4th-6th in the new middle school six years ago. She feels this project is not in the best interest of the children. The junior

high school will be built on a parking lot with a shared bus area with the high school. The 6-year old middle school will have \$1 million in unnecessary renovations with this project. The athletic fields, gymnasium and stage will have to be shared. The current tennis courts will become parking lots and moved to another site, which is far from the high school and not usable for gym class. The project may improve the administrative oversight of the facilities, but will not improve academics. The school system has a graduation rate of 85%, which is 40th overall. Only 45% of students earned a Core-40 diploma, which falls below the state average, and only 12% earned an Honors Diploma. The ACT and SAT scores have fallen below the state average. There is only one advanced placement course offered currently so students are poorly prepared for college. Officials need to study the problems that are not being addressed, not pursue a building project. A building project will do nothing to improve student achievement. The three guidance counselors that are located in the central office should be out in the schools. The special education students should be integrated into regular classrooms. A large school can operate well in a wealthy community, but they are not wealthy. They are below the state average in per capita income. She feels they do not need a junior high school, the current middle school should be run as such. She said the Aurora Elementary is an old building, but still in good shape. It needs a cafeteria and new roof. The teachers at Aurora are not looking forward to the move to South Dearborn. She thinks a large elementary school means students get lost in the shuffle and do not get the attention they need.

Mr. Harris asked if the Capital Projects fund may be lowered and the Superintendent replied yes. Mr. Harris asked if the reduction was an option or a commitment. Mr. Maggos said it was an option. Officials plan to keep the debt service tax rate level with a maximum increase of \$0.10 based on estimates. Mr. Maggos said the Capital Projects fund would be reduced in an amount to maintain the level debt service rate. If the debt service rate increases goes up \$0.02 the Capital Projects fund would be reduced that amount. The Superintendent said they would be able to reduce this fund as a project on Dillsboro is completed and will come out of the budget.

Mr. Bronnert asked if officials plan to pursue a pension bond issue and the Superintendent replied yes. Mr. Bronnert asked if the Capital Projects fund would be reduced for that issue and the Superintendent said yes.

Mr. Barnes asked what mistake was made at the middle school. Ms. Loveland replied that only Aurora's 4th-6th was placed at the middle school. Mr. Barnes asked if there is a significant increase in class size. Ms. Loveland replied no, but kindergarten classes at Aurora are 25 students and she thinks that is too many. Mr. Barnes commented that the issues she raised need to be addressed, but the building project would not affect those issues. He felt the project could reduce administrative costs by the reduction of principals needed. Ms. Loveland responded that two principals would still be necessary at Aurora Elementary, so they would realize no savings.

Mr. Bowen said the purpose of the control board was to confirm proper procedures were followed. Mr. Bowen felt Ms. Loveland's discomfort was with the solution.

Ms. Bond asked Ms. Loveland if she attended any task force meetings. Ms. Loveland said no, she was not invited nor were concerned teachers until the Yellow Ribbon task force met. At that point, only three options were considered. Ms. Bond asked if the Yellow Ribbon task force

meetings were open to the public. Ms. Loveland said they were not announced. The Superintendent said they were not open to the public, but the discussions at the school board meetings were open to the public.

Mr. Bronnert asked what would be done with the existing Aurora Elementary building. The Superintendent said it was in the budget to demolish, but they would seek input from the community to see what to do with it.

Ms. Bond asked if a petition was filed opposing the project and the Superintendent replied no. Ms. Loveland commented she had missed the publication in the newspaper that offered that option.

Mr. Bronnert said he hoped school officials would listen to the concerned citizens in the school district.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$3,695,000 for 25 years. Mr. Bowen seconded the motion, which favorably carried 6-0.

Plymouth Community Schools, Marshall County: Officials requested approval of a lease rental agreement with maximum annual rental payments of \$3,525,000 for 17 years. Total project cost is \$28,915,000. Tax rate impact is \$0.0861 with a new facility appeal of \$0.045 planned. Common construction wage information was in order. Board vote was 5-0 in favor of the issue. There was an application for a petition and remonstrance. The vote was 3,611 in favor and 2,850 against.

Present for the hearing was Dr. John Hill, Superintendent; Peter Morikis, Assistant Superintendent; Ronald Gifford, School Board President; Todd Samuelson, School Board Member; Darrell Tyree, Assistant Principal; Joseph Morris, School Attorney; Kari Vilamaa and Dana Wannemacher, Architect; Jerry Gibson and Eric Wolf, Construction Manager; John Julien, HJ Umbaugh and Jim Shanahan, Ice Miller. The following taxpayers were also present: Mike Bernero, Raymond Bochman, John Clark, Robert Clark, Dennis Beville, Mary Beville, Fred Morrow, Eric Anderson, Al Tinsley, Melissa Christiansen, Bob Sturtevant and John Nonemaker.

Project: New K-4 Elementary Building. Cost is \$11,1136,431

Washington Elementary becomes a K-4 building. Cost is \$2,493,456. Project includes:

- New cafeteria and kitchen
- Convert existing kitchen into storage
- Convert existing cafeteria to nurse/social worker and two Special Education areas.
- Rewire for technology
- HVAC for new addition
- New kitchen equipment
- Driveway adjustments/site/dumpster pad/delivery
- Add computer and support classroom

Webster Elementary becomes K-4 Cost is \$761,542
Add computer and support classrooms

Jefferson Elementary becomes K-4 Cost is \$1,349,875
Minor renovations
Add five classrooms

Menominee Elementary becomes 5-6 Cost is \$698,728
Convert classroom area to band
Convert classroom to science lab
Add walls between double classrooms
Raise restroom fixtures
Additional parking

Lincoln Junior High becomes 7-8 Cost is \$1,954,400
Reorganize two band rooms, remove concrete risers, new floors and walls, new finishings and ceilings
Convert existing kitchen to service area, demolition, new finishes, but openings in wall
Convert existing shop to kitchen, remove walls, floor, add new finishes and concrete floor
New kitchen equipment with mechanical and electrical, cooler and freezer
New slab and walls for cooler and freezer with mechanical and electrical
Parking and traffic flow adjustments
Teacher lounge/nurse station/restrooms
Add two small locker rooms

Plymouth High School- Option II Cost is \$9,316,776
Leave existing gym as is and add a multi-purpose room, fitness and weight room, training room, storage, two locker rooms, corridors and entries
Build a new music suite as an addition
Expand cafeteria, state, choir room to all cafeteria
Add parking lot by addition
Convert existing band area to speech, theater, add wood floor, fill in area, and new finishes.
New finishes in room adjacent to the band room
Number all entrances
Convert weight room to TV studio with new classroom

Comments: The Superintendent spoke about the project. The school board set a goal for a long-range facilities plan in 1999. The school board employed a facility planner who conducted over 500 interviews of staff, patrons and teachers to determine needs. A demographic study was also completed. The planner identified needs and developed a recommendation to the school board. There were 21 public meetings held to discuss facility needs. The needs that were noted included consistent elementary class sizes, improve technology, improve ASL class size, increase special education class space, discontinue use of portable classrooms and separate the

6th grade from 7th and 8th grades. The school board considered six options to address those needs. The current grade configuration is K-5, 6th-8th and 9th-12th. This project would change that configuration to K-4, 5th-6th, 7th-8th and 9th-12th. The project involves constructing a new K-4th elementary school, adding a cafeteria to Washington Elementary and reconfigure the current cafeteria for special education classes, Webster Elementary will become a K-4th facility, Menominee Elementary becomes a 5th-6th facility, Lincoln Jr. High becomes a 7th-8th facility and renovations/addition to the high school. A project was proposed in 2000 and a 1028 hearing held February 2002. A petition and remonstrance drive occurred with the school winning by 83 signatures. The opposing taxpayers filed a lawsuit and the results of that remonstrance are still being litigated in court. School officials have been waiting on that process to resolve and have met with opponents to find a compromise. The opponents have not been able to come to an agreement on a compromise. School officials have held over 60 meetings to continue to determine facility needs. The latest 1028 hearing was held in January 2004. The school won the latest petition and remonstrance drive by 761 signatures. The Superintendent noted the margin of victory increased over the first petition and remonstrance race.

Melissa Christiansen, taxpayer, spoke about the project. Ms. Christiansen actively participated in the signature drive and noted they were trained in the proper procedures of gathering signatures. She said she is ready to see the project move forward and the project has received greater support through education.

Bob Sturtevant, taxpayer, spoke about the project. An organization was formed in 2003 called Plymouth Achieving Stronger Schools (PASS). The members are concerned about quality education. It is a not-for-profit, volunteer organization promoting truth in school needs. Mr. Sturtevant submitted a copy of the mission statement of PASS. They currently have 230 members after six months in existence. The organization held four public hearings in 2004, which afforded the opportunity for opponents and proponents to speak. The 5th-6th grade configuration was raised as a concern. A survey of principals at other 5th-6th buildings was completed to address their concerns. The local Chamber of Commerce spoke of a strong school and community and supports this project. The members of PASS support this project and feel it would be beneficial to the community.

Eric Anderson, taxpayer, spoke about the project. He said he moved to Plymouth four years ago and supports this project.

John Nonemaker, taxpayer, spoke about the project. He works as a contractor on educational projects. He said there has never been a more competitive market than now for building construction. He feels the project has already cost millions due to delays they have already experienced. He feels they should take advantage of the current economic climate.

Mike Bernero, taxpayer, spoke about the project. He submitted several items, including a book regarding federal education, his written statement and three news articles. He is a member of the Marshall County Taxpayers Awareness Committee, which has been in existence for eight years. He read from his prepared statement. He was there representing several thousand taxpayers to show why the current project request should be denied. This project, called Option K, is basically the same proposal as the previous project, known as Option B. The Option B project is

currently in the court system due to an ineffectively administered petition drive. Mr. Bernero said the petition and remonstrance process is handled differently in every county and there is no one responsible for policing this process. Mr. Bernero said since Option B is still under litigation. He asked that until the courts clear up issues regarding the remonstrance process or put expansion projects to a referendum vote that the Department of Local Government Finance should not approve future building projects for Plymouth Community Schools. He commented that until the reassessment is totally resolved the financial advisers are unable to give a true impact to the taxpayers as to what an expansion project will cost. Mr. Bernero stated that contracts and unnecessary expenditures were made to the architectural firm while the proposed Option B was under litigation. Opponents to the project feel the payments were made without the approval of the DLGF. Mr. Bernero said that one school board member stands to gain financially on this project through a commission on the bond sale. He asked if this is a violation of the conflict of interest form school board members must sign. Mr. Bernero said taxpayers have been misled on the reported additional operating expenses for a new building and expansions to the old buildings. There has also been no discussion of increased transportation costs in the feasibility study. Mr. Bernero claims over 3,000 jobs have been lost in Marshall County over the last four years. He said that over 42% of the housing in Plymouth is rental property, which does not represent a stable community in his opinion. He said the area has gained some jobs back, but area lawmakers expect it will be eight years for the state to recover from the economic downturn. Mr. Bernero said there is no evidence to support building improvements would increase ISTEP and SAT scores. The community has become divided over this project. Opponents of the project have tried to compromise a couple of times, but those efforts were unsuccessful. Mr. Bernero said the playing field is not level for taxpayers as they are responsible for funding the bills of the school corporation. Taxpayers opposing the project have already spent around \$70,000 due to the ongoing litigation of Option B. He is not sure anyone can determine what is in the best interest of the school district for the next twenty years. He believes there are building needs within the district, just not at such a high cost. He agrees with the renovations and additions to current facilities, not the new K-4 and 5th-6th facilities. He said that Menominee Elementary School has five empty classrooms that could serve 100 students. He feels this is a complicated issue and both sides have the best interest of the community in mind. He said the economy is still recovering and many people are on fixed incomes. The price of gas, insurance and taxes are also increasing.

Raymond Bochman, taxpayer, spoke about the project. He has lived in the community for sixty years. He said several people that have spoke in favor have only recently moved into the community. He referred to a news article dated July 8, 2004. He thought the debt was limited to 2% of the assessed value and this project violates that law. He feels personal expenses are continuing to increase. He said the state cannot make the payments to school districts and the school is borrowing at rates of 6% to 8%. Taxpayers are still paying on a prior project and this would add another debt through 2020.

Robert Clark, taxpayer, spoke about the project. He has lived in the community for sixty years. He said school officials have two identical plans on the table. The project will cost taxpayers a large amount in interest costs. There were 129 signatures gathered by the opponents that were thrown out by the County Auditor with the first project due to a technicality. The Supreme Court ruled in December 2003 that the names should have been counted. He has seen an increase in

his property taxes and renters are disenfranchised that they are excluded from voting in the remonstrance process. School officials are proceeding with a project while the first is still in the court system. The judge is still sitting on the prior project. School officials are spending money they do not have available. He feels there is something wrong with the way money is being spent.

John Clark, taxpayer, spoke about the project. He graduated from Plymouth High School in 1952. He feels that Plymouth has good schools and he would like to see things that will benefit the students. He thinks that schools need to be removed from property taxes so issues would be less contentious. School building projects are creating problems in other communities as well.

Mr. Bernero made some additional comments. A flaw in the remonstrance process is a school can come back the next year and propose the same project. Any expense to fight the issue comes out of taxpayers' pockets. He said infractions have occurred with this project according to their legal counsel. They have submitted information to the Attorney General, Board of Accounts and the County Prosecutor. He thinks there should be some accountability for the infractions they feel have occurred.

Mr. Bowen commented that some of the items mentioned earlier by Mr. Bernero were issues for a court of law, not the control board. He noted item 4 of Mr. Bernero's presentation mention the Attorney General and item 5 is something for the State Ethics Board. Mr. Bowen said operating expenses are addressed on page 16 of the hearing information sheet.

Ms. Johnson questioned the amount of the project. School officials said they are contemplating borrowing \$28,490,000. The difference she sees in the hearing information sheet represents interim lease payments and interest earned.

Mr. Barnes asked if officials were comfortable with \$28,915,000 for the project cost. Mr. Julien said the project has not been bid yet. Mr. Shanahan said they are requesting approval for a payment amount and term. Mr. Barnes pointed out reforms were made to the remonstrance process and took effect in July. The Board of Accounts has also standardized remonstrance forms and instructions. Mr. Barnes feels this is not a bad plan and opponents even agree to portions of it.

Mr. Bronnert commented if the state provided all funding to school corporations, we would have a state run school system. He said we should not want to get away from paying taxes to our local school systems. Mr. Bronnert asked if officials are adding a facility and the Superintendent replied yes. Mr. Bronnert asked if buildings are overcrowded currently. The Superintendent said they lack the appropriate space for Special Education and computer classes and other programs. Officials expect growth of 4% over the next ten years, but are exceeding that projection currently.

Ms. Bond asked for an overview of the court issue from the first project. A school official said the Supreme Court directed the issue back to trial court for the judge to determine the outcome of the petition and remonstrance process. The school board decided to let a new petition and

remonstrance process determine whether to move forward with the project. The trial court has continued this case without further trial.

Motion: Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$3,525,000 for 17 years. Ms. Johnson seconded the motion, which favorably carried 6-0.

Adjournment: There was no further business to discuss and the meeting was adjourned.